

EU-supported regional development after 2007: Lessons Learnt and Future Priorities of the Greek Regions falling under the new “Competitiveness” Objective programmes

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Abstract

The year 2007 is expected to be a milestone for the regional policy of Greece. For the first time since the EU launched the programmes which are co-funded by the Structural Funds, Greek regions are excluded from the Objective 1 “Convergence” programmes of the 2007-2013 programming period. Two regions, Sterea Ellada and South Aegean, have been included in the phasing - in group of NUTS II regions, which are falling under the new “Regional Competitiveness and Employment” objective, since they have exceeded the 75% boundary of the GDP per capita of the EU both in relation with the older 15 and the 25 current member states. Hence, apart from the reduction funding compared to the current period, they are obliged to redefine their developmental priorities and to adjust the programming context according to the new circumstances in line with the Lisbon and Gothenburg objectives.

Within this context, the preparation calls for the adjustment to the new circumstances and the exploration of the most efficient way to continue and empower the developmental path. In addition to these, some important matters such as the actual developmental position of these regions, the sectors where cohesion hasn't been achieved, the new challenges and the experience that has been gained and the extent to which it is being used as a learning process have to be explored.

The article aims to contribute to the ongoing conversation regarding the ways by which Sterea Ellada and South Aegean regions can utilize the Structural Funds in the new programming period, based on their experience until today, but also on the possibilities which they are being offered as “phasing – in” regions of the “Competitiveness and Employment” objective according to the new context of regional policy. To these directions, the general outlines of the future perspectives of the regional priorities of the European Union will be presented initially, both for the current and the next programming period. A comparative description of the socio-economic position of the two regions within the European Union is presented next, followed by a discussion of the current programming experience and some implementation issues and lessons learnt. Finally, suggestions and some policy priorities as well as the conclusions of the analysis are highlighted.

Key Words: regional policy, regional planning, EU Cohesion Policy, Structural Funds, objective “Competitiveness”, “phasing – in” regions, new programming period 2007-2013, Greek objective “Competitiveness” regions.

JEL Classification: O18, O20, O21, R00, R10, R11, R58.

EU-supported regional development after 2007: Lessons Learnt and Future Priorities of the Greek Regions falling under the new “Competitiveness” Objective programmes

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1. Disparities, convergence and EU regional policy issues in view of enlargement

Within a changing context, the EU regional policy finds itself in a critical situation, especially since it has been granted a key role within the Lisbon Agenda, and the member states are trying to foresee the tensions that will characterize their policy the next years. The subject of disparities and the different degree of cohesion between the member-states and the regions of the European Union has been a topic of discussion for years among academics and within the European Union. In a theoretical level, different views are being expressed regarding the relation between the economic integration and the spatial cohesion. On an empirical level, while the opinions coincide towards a decrease of the disparities between the member states of the EU, the interregional disparities are continuing to generate disagreements. Specifically, according to the existing surveys the inequalities between the member states of the EU show a clear tension of decrease in the last decades (Petraikos and Psycharis, 2005). According to the most recent results and analyses the EU claims (European Commission, 2004a) that the disparities between the states have been radically cut down since 1995, while this isn't the case for the disparities between regions since they are decreased but in a smaller degree and only the regional disparities within the states have been intensified. Others, as Baro and Sala-I-Martin (1991, 1992) analyse data for the period 1960-1985 and conclude that there already were existing tensions of convergence between EU regions. Similar studies, though, claim that this redemption is not so obvious and that on the contrary the tensions are divergent (Armstrong 1995, Rodriquez-Pose 1999, Petraikos 2000).

Despite the contrasting opinions, there is a common belief that the progress of disparities strongly influences the effectiveness of the operation of the single market and the economic integration. Apart from that, the effectiveness of the implemented policies influences the progress of disparities (European Commission 1999, 2001a, Leonardi 2005). Therefore a continuous, energetic cohesion policy or regional policy is needed, despite the fact that the instruments of regional policy are under pressure due to “neo-liberal” tendencies that reject all forms of state aid or interference.

The regional policy of the Community was introduced relatively late compared to other policy fields of the Community and aims to balance the regional inequalities within the spatial context of the Community and to confront the problems raised by the integration of the internal market and the Economic and Monetary Union (Papadaskalopoulos and Christofakis

2002). Despite the fact that the EU has committed important funds in the last decades and especially since the late 80's when it is given a coherent legal status (Getimis 2003, Leonardi 2005) with the Single European Act where the regional policy is clearly determined as Cohesion Policy, a course of researches, as we saw above, estimate that the disparities still remain in high levels (European Commission 1999, 2001a, 2004a). These concerns are intensified after the new enlargement, the most extensive in the EU history and definitely different than the previous both in political and economic terms (Seguiti, 2003).

The current situation regarding the regional policy and the distribution of the Structural Funds has been differentiated in an important level due to the enlargement, since the development level of the new members is much lower than the average of the older 15 member-states. After the entry of 12 new states (Czech Republic, Estonia, Latvia, Hungary, Lithuania, Poland, Slovenia, Slovakia, Malta, Cyprus are already fully accepted and Bulgaria and Rumania will be accepted in 2007) the disparities between member-states and regions have risen. More specifically the new EU of the 27 members are grouped in three major categories regarding their developmental level (European Commission 2001a, 2004a):

1st Group: The three Baltic States – Estonia, Latvia, Lithuania -, Poland, Hungary, Rumania, Bulgaria and Slovakia (16% of the population of the EU27) with a GDP p.c. that represents 40% of the average GDP p.c. of the EU27.

2nd Group: Spain, Portugal, Greece, Cyprus, Malta Slovenia and Czech Republic (13% of the population of the EU27) with a GDP p.c. that represents 80% of the average GDP p.c. of the EU27.

3rd Group: The rest of the member states (71% of the population of the EU27) with a GDP p.c. that represents 120% of the average GDP p.c. of the EU27.

From the above it is clear that the new Structural Policy must take under account new conditions such as (Papadaskalopoulos and Christofakis, 2002):

- The expansion automatically creates important redemption of the average level of the European GDP per capita
- The implementation of the current eligibility limit for the less developed regions that has been set at 75% of the average GDP per capita of the EU, reduces the regions of the 15 member states that are eligible for Objective 1 of the Structural Funds.
- The development disparities among the most problematic regions of the Union will become even larger than today (since some areas will have a GDP per capita that will represent only 25% of the EU average). This means that the development gap within the group of the less developed regions will be very great. Hence, there will be a large number of regions that will lag back and have a lot more needs.

- The increase of the total funding for the various policies of the EU and the Structural Policy is expected to be scarce since the new member states don't have the financial ability and the financially stronger states are not eager to contribute.

Within this framework, the regional policy dilemma was set up from an important decision of EU in the "Agenda 2000", according to which the EU will handle the enlargement without an extensive reform of its financial system. The big challenge is that the traditional strategy of raising the budget for side-payments of certain and especially of richer member states has already been abandoned. On the contrary, as almost all of the new member states are relatively poor and candidates for structural subsidies, handling the enlargement with the same budget mechanism that existed until now, implies reforming the existing regional policy and reducing the number of regions receiving subsidies to most in need (Beek and Neel, 2004). In relation with the fact that the member-states that were eligible for the Cohesion Fund keep pressing for the continuation of the funding at the same level, it is quite obvious that any changes that will occur should regard the programming procedures and methods in order to accomplish the maximum efficiency in the usage of the funds. (Papadaskalopoulos and Christofakis 2002, Getimis 2003, Seguiti 2003).

It is clear that the effectiveness of the Cohesion Policy will continue to depend on the actions for the redemption of the socioeconomic and spatial inequalities. Despite that, a system that lies exclusively on the factors and procedures of a redistributive fiscal policy where capital is transferred from the wealthier to the poorer areas is not sufficient on its own. It should be accompanied by the enhancement of procedures and mechanisms both on a European and national level that will boost effectiveness in programming and usage of the funds and also the competitiveness of the spatial units and regions (Papadaskalopoulos and Christofakis 2005, Lambooy 2005). Therefore the main target is to create the preconditions in order to achieve the maximum efficiency in regional programming and the management of the relevant funds.

Especially for Greece, the next programming period will be a big challenge. For the first time since the EU launched the programmes which are co-funded by the Structural Funds, Greek regions are excluded from the Objective 1 "Convergence" programmes of the 2007-2013 programming period. Two regions, Sterea Ellada and South Aegean have been included in the phasing - in group of NUTS II regions which are falling under the new "Regional Competitiveness and Employment" objective since they have exceeded the 75% boundary of the GDP per capita of the EU both in relation with the older 15 and the 25 current member states. Also, three more regions (Attica, Central and Western Macedonia) have been included in the Phasing out group of NUTS II regions, from the Objective "Convergence", due to the statistical result of the enlargement. It must be noted that the EU funds for Greece, for the next period, have been decreased more than the other 15 member-states (estimated as

GDP proportion), due to the enlargement of EU to 25 member-states (Greek Ministry of Economy, 2006).

Hence, apart from the decreasing funding compared to the current period according to the objectives of “less, but better aid”, these regions are obliged to redefine their developmental priorities and to adjust the programming context according to the new circumstances in line with the Lisbon and Gothenburg objectives (Wishlade 2004).

Within this context, the intention of this article is to contribute to the ongoing conversation regarding the ways by which Sterea Ellada and South Aegean regions can utilize the Structural Funds in the new programming period, based on their experience until today, but also on the possibilities which they are being offered as “phasing – in” regions of the “Competitiveness and Employment” objective according to the new context of regional policy. To these directions, the general outlines of the future perspectives of the regional priorities of the European Union will be presented initially, both for the current and the next programming period. A comparative description of the socio-economic position of the two regions within the European Union is given next, followed by a discussion of the current programming experience and some implementation issues and lessons learnt. Finally, suggestions and some policy priorities as well as the conclusions of the analysis will be presented.

2. The current and the future EU regional policy guidelines

2.1. The Structural Policy in 2000-2006 period

In the current programming period 2000-2006, the EU Structural Policy, after its last reform that took place through the Amsterdam Treaty (1997), is compatible with the previous programming periods’ main directions but also new significant innovations have been added in order to maximize the effectiveness of the interventions. The implementation of the Lisbon Strategy for the competitiveness improvement, through the establishment of a knowledge economy, along with the last EU enlargement from 15 to 25 and in a few years to 27 member – states, imposed new changes (European Commission, 2004a). Thus, an effort for the regional disparities reduction within the EU territory is made, along with the promotion of the main Lisbon strategic guideline for the creation of a new economic environment, which will establish the Union as a whole more competitive in the global level (Leonardi, 2005). Also, during this period, the new members’ accession in the common market should be appropriately prepared.

Within this framework, the objectives of the structural policy are now three. These have been resulted from the unification of some of the previous period’s objectives but moreover from the extension of structural policy in new areas of intervention. Thus, the first

one (Supporting development in the less prosperous regions) is the main priority of the European Union's cohesion policy. The Union works to "promote harmonious development" and aims particularly to "narrow the gap between the development levels of the various regions". This is why more than 2/3 of the appropriations of the Structural Funds are allocated to helping areas lagging behind in their development ("Objective 1") where the gross domestic product (GDP) is below 75% of the Community average. The 2nd Objective of the Structural Funds aims to revitalise all areas facing structural difficulties, whether industrial, rural, urban or dependent on fisheries. Though situated in regions whose development level is close to the EU average, such areas are faced with different types of socio-economic difficulties that are often the source of high unemployment. Finally, the 3rd Objective aims at modernising systems of education and promoting employment.

Moreover, the Union continues in this period its programming initiatives through the implementation of four Community Initiatives, either as continuity of the old ones or as completely new initiatives (Leader plus, Interreg III, Urban II, Equal). These programmes are focused in the promotion of rural development, strengthening of the cross-border, transnational and interregional cooperation, sustainable development of the troubled urban districts as well as in the assistance of individuals who are victims of discrimination and inequality in access to employment (European Commission, 2001b).

Apart from the above, innovations in the structure of the managing authorities as well as in the procedures of programming and implementation of actions have been promoted. Significant changes in reorganization of management, monitoring and control systems of programs have been made. In combination with these, European cohesion policy has been the catalyst for new forms of partnership involving, with the national governments and the Union, the regional and local authorities, the private sector, as well as the economic and social partners (such as the chambers and the labour unions of prefectures) and other bodies in the local level (for example non governmental organisations), working both within and across national borders, planning and implementing common development strategies (European Commission, 2001c).

Finally, in the financial level, there are four Structural Funds for the period 2000-2006. The European Regional Development Fund (ERDF), whose principal objective is to promote economic and social cohesion within the European Union through the reduction of imbalances between regions or social groups; the European Social Fund (ESF), the main financial instrument allowing the Union to realise the strategic objectives of its employment policy; the European Agricultural Guidance and Guarantee Fund (EAGGF - Guidance Section), which contributes to the structural reform of the agriculture sector and to the development of rural areas; and the Financial Instrument for Fisheries Guidance (FIFG), the specific Fund for the structural reform of the fisheries sector. Also the Cohesion Fund is

continuing the supporting of the cohesion countries (Greece, Spain and Portugal), through the financial contribution in large scale projects in transports and environment sectors. The total amount of these five Funds for the period 2000-2006 is 213 billion euros (195 billion euros through the Structural Funds support and 18 billion euros through the Cohesion Fund, in 1999 prices). Moreover, the E.U. had adopted special attention for the pre – accession countries.

According to the third CSFs' data for Greece (Greek Ministry of Economy, 2000), the public expenditure (national and EU financial contribution), through CSF and Cohesion Fund, for the period 2000-2006 is 39,200 million Euro (in 1999 prices). In this amount the private funds which are estimated at 11,500 million Euro it should be added. Thus, a total amount over than 50,000 million Euros (without the Community Initiatives funding) is the financial contribution for the 2000-2006 developmental strategy of Greece. The regional part of CSF (for the 13 Regional Operational Programmes) absorbs almost the 30% (9.4 billion Euro) of the CSFs' public expenditure.

2.2. The new EU Regional Policy in 2007-13 period

The proposed structural policy for the 2007-2013 period is based on a generous reform attempt of the operational context so that a new social model can be found within a Europe that is confronted with the forces of globalization and the knowledge society (European Commission 2004a,b,c, 2006). The most important factors of this reform that can be mentioned are the following:

- The grouping of the regions in three new priority objectives for structural objectives (convergence, competitiveness and employment cooperation) that have replaced the previous groups.
- The reduction of the number of financial instruments for cohesion from six to three (ERDF, ESF, Cohesion Fund) and the establishment of a multiannual programming procedure for the Cohesion Fund which is in fact upgraded to a Structural Fund and will fall under the same rules
- The financing of the operational programmes out of a single fund (with the exception of infrastructure programmes that will be financed jointly by the ERDF and Cohesion Fund).
- The redemption of the Community Initiatives and their inclusion in the priorities of the Operational Programmes.
- The full recognition and increased financing for areas with natural handicaps (islands, mountainous areas) and for most disadvantaged areas (outermost regions, sparsely or very sparsely or very sparsely populated regions) of the agricultural and the depended on fishery areas. More attention will be given to the urban dimension.

- The abandonment of the preliminary micro-regional programming for the new programmes of the 2nd objective and their reference to the programming region, thus the NUTS II level, in the same way with the 1st objective.
- The decentralization and the simplification of the management systems and payments (the payments of the financial management will be carried out at the level of priorities rather than measures, the Community contribution will be calculated on the basis of public expenditure, the rules of eligibility for expenditure will be largely national, etc.).

In the context of the reform of the Cohesion Policy, as already mentioned above, the priority objectives of the Structural Funds will be changed. More particularly, the three objectives of the 2000-06 period, are replaced by the following three objectives (European Commission 2004b,c, EU Council 2005):

“Convergence” Objective (ERDF, ESF, Cohesion Fund – 251.3 billion euros, 81.7% of the Structural Funds). Close to the present Objective 1, the purpose of the convergence objective is to speed up the economic convergence of the less developed regions. Therefore the proposed actions focus on improving conditions for growth and employment, investment in human capital, innovation and the development of the knowledge society, adaptability to economic and social change, protection of the environment and improving administrative efficiency. Finally the infrastructure of the new member states will be improved. The inclusion of a NUTS II level region in the “Convergence” objective depends on the GDP per capita which must be less than 75% of the average for the enlarged EU, calculated on the figures available for the three years prior to adopting the regulation.

For the regions which will exceed the 75% figure for their per capita GDP of the EU of the 25 members but are under the 75% of the EURO of the 15 members, a transitional period is foreseen with specific “phasing out” support on a decreasing basis through to the end of the new programming period.

The funding conditions of the Cohesion Fund will not be changed and the support will be given to member states with a gross national income below 90% of the EU average.

“Regional Competitiveness and Employment” Objective (ERDF, ESF – 48.8 billion euros, 15.8% of the Structural Funds). For the rest of the regions a twofold approach is proposed. The ERDF funded regional programmes will strengthen regional competitiveness and attractiveness by anticipating economic and social change and supporting innovation, the knowledge society, entrepreneurship, protection of the environment and risk prevention. On the other hand, programmes at the national or appropriate territorial level financed by the ESF will help workers and companies, on the basis of the European employment strategy, to adapt change and encourage the development of job markets that award priority to social inclusion. All the regions that don’t fall under the Convergence objective will be liable to benefit under the competitiveness objective.

Regions under present Objective 1 that in 2007 will no longer be eligible under the Convergence objective due to the economic progress achieved will receive a specific “phasing in” support on a decreasing basis through to 2013 within the Competitiveness Objective.

“European territorial cooperation” Objective (ERDF – 7.5 billion euros, 2.44% of the Structural Funds). The purpose of this objective is to strengthen cooperation at three levels: cross-border cooperation through joint programmes, cooperation between transnational zones, networks of cooperation and exchange of experience. In this way the cooperation will encourage a balanced, harmonious and sustainable development throughout the European area. An important innovation is enforced through the proposed foundation of the “European neighbourhood and partnership instrument” which will co-exist with the “Instrument of pre-accession”, which will replace the present Phare, Tacis, Sapard, MEDA, CARDS and ISPA programmes.

After the final agreement regarding the cohesion funds for the new programming period 2007-13 (EU Council, 2005), the total EU cohesion budget for Greece is 20.101 billion Euro.

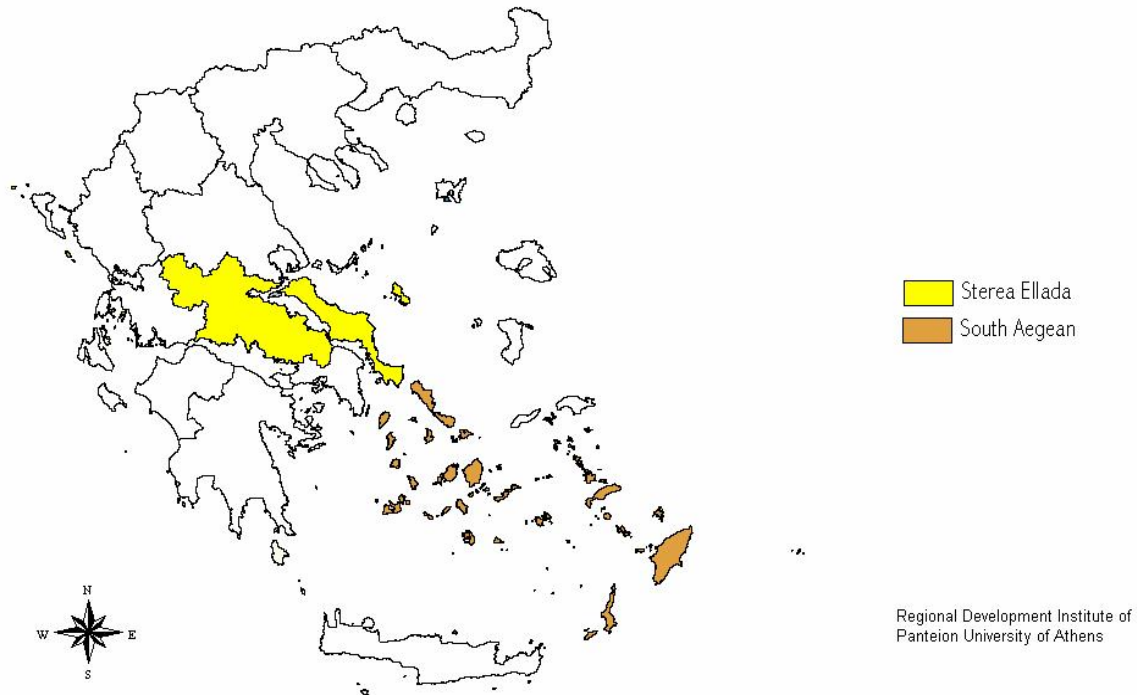
3. The developmental situation in Greek “phasing in” regions, falling under the “regional competitiveness and employment” objective

3.1. The basic socioeconomic indicators

As we mentioned above, two Greek regions, Sterea Ellada and South Aegean (MAP I), have been included in the “phasing in” group of NUTS II regions which are falling under the new “Regional Competitiveness and Employment” objective for the new programming period 2007-2013.

Nevertheless, we should not neglect the existing disparities between these two regions which are quite different primarily because of their special natural and geomorphologic characteristics and especially of the mountainous and the insular aspects of them.

MAP I Stereia Ellada and South Aegean Regions in Greece



Stereia Ellada, because of its location in the central body of the continental country, constitutes a part of space that connects the two metropolitan centres of Greece (Athens-Thessaloniki), and more specifically it connects Athens (the capital of Greece), southern Greece as well as the Aegean Islands (via the port of Piraeus in Attica), with the Northern Greece and the Eastern and Central Europe (via the land transports connections). Also, the eastern part of the region be crossed by the main road and railway axis of Greece (PATHE: Patra-Athens-Thessaloniki-Eyzonoi or Eidomeni regarding the railway network) which constitutes part of Pan-European transport networks. Thus, this zone constitutes an area which is crossed on a daily basis by a mass number of passengers and freights and also concentrates a significant part of the secondary activities of the country. This fact is the main reason for the developmental dualism of the region.

Thus, the secondary sector of the economy plays an important part in the development of the region since it represents a large percentage of employment while at the same time it supports the rest of the economic activity in the region. The tertiary sector has been particularly dynamic in the last few years, increasing its contribution in employment and in shaping the regional product. However, the participation of the public sector in the

composition of the fixed capital is low compared to the rest of the country, while the activities (transportation and wholesale) are targeted more towards Athens than towards the region.

Tourism has shown a slight decline. It is localized in certain zones of the region and faces the structural problems of this sector in Greece (seasonality, low quality etc). However, the region is rich in cultural and natural resources that can provide a high quality tourist product, especially in the field of cultural tourism, on a European level. The “tertiarization” of economy is an important development issue, especially for mountainous disadvantaged areas and mainly to the direction of the development alternative forms of tourism, taking advantage of the resources of these areas.

On the other hand, South Aegean is an insular region¹ which is characterized by the large number of islands with different size² in terms of space extent, population and GDP. Thus, the phenomenon of insularity and especially its main characteristic – obstacle which is the absence of permanent connection with the continental space should not be overlooked. Moreover, the South Aegean Region is characterized by the phenomenon of “double insularity” due to the different size of islands, the location and the distance as well as the absence of direct connection of small islands with the capitals of prefecture and region, and the country capital as well (Athens Academy, 2004). Also the main part of the economic activities and especially the tourism activity is concentrated on a small number of poles. Due to these characteristics, the intraregional disparities within the South Aegean region are very high.

According to the population data, 7.8% of the total population of Greece is allocated in these two regions (Greek Ministry of Economy, 2006). Although both regions are not densely populated, the region of Sterea Ellada, as we already mentioned, is located in the continental Greece, whilst South Aegean comprises a part of the Aegean islands (Kyklades and Dodekanisa Prefectures). Thus, it is easy to understand the pronounced vocation towards primary activities of Sterea Ellada, possessing the highest share of employment in such sectors among the eligible regions, and, on the other hand, the strong specialization of South Aegean in tertiary activities and basically in tourism.

¹ According to the official definition that given by the European Parliament (1998), insular region consists of a part of member – state that is surrounded by sea and does not have any constant connection with continental country neither it includes the capital of this particular country.

² Greece includes a variety of islands, characteristic that differentiates the Greek space from the other countries of European Union, even if we consider that almost all of them include islands (except of Belgium and Luxembourg). However these countries do not face the intensity of insularity phenomenon such as Greece. It is reported that 218 of the 440 of the EU residential islands (except the very small ones with population of less than 10 residents) are located in Greece. The island space covers the 19% of the total surface and also the 15% of the population of Greece (Athens Academy, 2004).

Apart from the high rate of unemployment, the two regions present a slightly diverging economic performance (table 1). As starting from a lower level of GDP per capita, South Aegean exhibits a faster growth and, finally, ranks across the EU group of the intermediate to high performing regions. However this rapid economic expansion of South Aegean occurred without creating new employment opportunities and more probably it is explained from the seasonality of the mass tourism activity. On the other side, Sterea Ellada has a much higher GDP per capita and, since we used statistics on regional accounts, this phenomenon cannot be connected to the fact that a significant share of the people working in the region are residents outside of the region and more specifically of the neighboring metropolitan region of Attica (CSIL et al, 2005).

Table.1
Greek “phasing in” regions by economic and structural indicators compared with national and EU averages

	Population (thousands)	Population density	GDP per capita			GDP growth			Unemployment			Share of primary sector in employment	Share of manufacturing in employment
			in Euro	Greece (100)	EU elig. regions (100)	Growth rate	Greece (100)	EU elig. regions (100)	Unempl. rate	Greece (100)	EU elig. regions (100)		
Stereia Ellada	560	36	21,350	107	88	2.38	73	101	12.33	99	192	25.59	17.95
South Aegean	299	57	17,461	87	72	5.48	168	234	12.55	101	196	8.76	7.82
Total – National Average	859	41	19,996			3.27			12.42			19.25	14.14
EU eligible regions (in Objective Competitiveness)	313,711	129	24,162			2.34			6.42			3.34	20.18

Sources: Eurostat, DG Regio and CSIL et al, 2005

3.2. Innovation, knowledge economy and information technologies access

Greek regions rank on the bottom in terms of innovation performance and the innovation indicators show clearly that there isn't a powerful geographical pole of innovation. More specifically, regarding the rate of population with a university education, Attica is the only region that is higher than the EU average, as is the region of Crete in the field of public expense for RTD. In all the other relevant indicators the Greek regions lack behind considerably compared to the EU average. The two regions that already have exceeded the limit of the eligibility criteria of regions of Objective 1, present low figures in critical indicators of innovation, not only in European but also in a national level. According to the Third Report on the Economic and Social Cohesion of the EU (2004), Sterea Ellada, which is presented as the richest region of country on the basis of GNP per capita, is found in the last place of Greek regions regarding the population with university education (7.8% as opposed to 17.6%) and in the 10th place regarding the number of applications for Patents (with hardly 0.5 per thousand residents, as an average of a three-year period 1999-2001, when the average of Greece is 7.3). The situation is not differentiated considerably in the case of region of South Aegean regarding the population with a university education, where it is classified in the 12th place of Greek regions (with percentage 9.3%), while the situation is slightly better regarding the number of applications for Patents, that brings the region in the 8th place (with 2.4 applications per thousand residents for the same period). Apart from that, both regions percentage of workers occupied in enterprises of high technology is lower than 3%, while the the EU average is around 11%, a fact that classifies these regions at a very low level. Finally, the situation for the enterprises of the two regions regarding the turnover that is created from the production of new products is rather average, since they are classified in the intermediate category of regions with a 12% percentage (table 2).

Table 2

Greek “phasing in” regions by indicators of innovation and knowledge economy

Innovation potential/Regions	Sterea Ellada	South Aegean
Percentage of population with higher education, ages 25-64, 2002	7.8	9.3
EPO application per million inhabitants, 1999-2001 average	0.5	2.4
Percentage of employment in high-tech manufactures, 2002	0.21	0.21
Percentage of employment in high-tech services, 2002	1.33	1.57
Percentage of firms’ turnover due to new products, 2002	12	12
R&D expenditures on GDP, 2002	0.17	0.07

Sources: European Commission, 2004a and CSIL et al, 2005

Other important indicators are the ones related to the degree of access to information technologies. The situation in Greece presents an important improvement the last years as the Operational Program “Information Society” of the Third CSF facilitates and mobilizes essential improvements. According to the last available data of this program (2004), the telecommunications market in Greece continues its increasing course in higher levels than those of the European Union (4.39% in 2003 from 3.07% in 2002 compared with the 3.78% and 1.97% of the European average respectively). Although the broadband communications access in Greece still remains lower than the European Union, the dynamism of the telecommunications sector reinforces the investments in broadband infrastructures.

The internet access of the total population was increased in 2003 at the levels of 20% against 17.3% in 2002. At the ages of 15-24 the percentage of internet users approaches the 50%. The year 2003 the 30.5% of Greek households possessed PC against 27.2% in 2002.

Particularly satisfactory are the relative percentages in small enterprises with 11-150 employees. The 92% of them have at least one computer (94% in the EU), the 82% have access in Internet services (83% in the EU) and also the 48% of them have a Web site (52% in the EU). The next years the dynamics in this category of enterprises is expected to be strengthened. In the very small enterprises (up to 10 workers) the indicators present a delay compared with the European average.

On a regional level (table 3), the comparison of these indicators point out that the two eligible regions for the competitiveness objective 2007-2013 both show low performance. Also, one should not neglect the wide disparities that exist between Sterea Ellada and South

Aegean for some indicators such as the shares of households with PCs as well as internet access. According to these two indicators South Aegean region is in a higher level than Sterea Ellada.

Table 3
Greek “phasing in” regions by indicators of access to information technologies

Regions	FIRMS		HOUSEHOLDS	
	Share with Internet access	Share with a Web site	Share with PCs	Share with Internet access
Sterea Ellada	65.4	35.7	16.0	8.8
South Aegean	65.5	35.9	36.6	14.3

Source: CSIL et al, 2005

3.3. Previous and current programming periods: evaluation of regional policy priorities

A view of the results of interventions in the Regions during the previous and current programming periods offer additional insights. Within the framework of the Regional Operational Program (ROP) of Sterea Ellada region for the 1994-1999 programming period, the development of transportation, communication and energy networks and infrastructure was the first priority. The projects involving the region of Sterea Ellada include parts of the National Athens-Thessaloniki Autoroute and the upgrading of the railway network. The enhancement of competitiveness was the second development priority of the region. The aims of the interventions were the empowerment of SMEs, the modernization of manufacturing and tourism SMEs and the weakness/threat regarding the low presence of innovation and Research and Technology in the region. During the 2nd and 3rd CSF, the measures and projects regarding the protection of the environment were the fourth priority. The projects include the construction of water pipes, sewage pipes and biological waste disposal systems. Projects involving the management of dangerous industrial waste have not yet been implemented, even though they are very important for the region, given the size of the secondary sector. The interventions in the human resources sector included the infrastructure for all educational levels, vocational training programmes and interventions regarding social exclusion. In the sector of public administration, the interventions included the electronic networking of public services, the enhancement of communication and quality of service to citizens, and the training of civil servants using new digital tools. Other development axes included social infrastructure (hospitals) and measures for reducing the duality in the region (investments in agriculture).

As far as competitiveness is concerned, the region of South Aegean focused on enhancing the following entrepreneurial structures: tourism infrastructure, promotion of

cultural resources, enhancement of agricultural infrastructure, improvement of entrepreneurial environment and support of investments in SMEs in tourism, manufacturing, agriculture and stockbreeding. Regarding the priority “improvement of accessibility and services of general economic interest” the following sectors were supported: transport infrastructure (by air, sea or land), communications and energy infrastructure (production, networks) and social infrastructure (health and welfare). The third priority, referring to human resources, included actions involving education, vocational training and employment. The fourth priority, “Sustainability” included the support of sectors such as environmental protection, protection of the built environment (promotion of architectural heritage) and environmental management. The fifth priority “Public Administration” aimed at defining an institutional framework for the South Aegean in order to attract managers for the public services and to fill vacant jobs in crucial sectors, to decentralize responsibilities and to encourage the use of new technologies. The sixth priority “Support of areas with low degree of economic development” included actions for the promotion of agricultural development and employment, marine transportations and communications, basic infrastructure and social services. The seventh priority, “Support of cross-border, international and inter-regional cooperation” focused on know-how exchange in the sectors of tourism, cultural activities and commerce. Finally, the eighth priority “Establishment of a network of high technology products” was not implemented in the region of the South Aegean, except in few and far between occasions.

During the current period, 2000-2006, the two regions receive 903.84 million Euro (in 1999 prices). This amount contributes above all towards the financing of the “Infrastructure” and “Other” types of interventions according to our estimations: in both regions each of them accounts for about 40% of total financial resources. Typologies of intervention are influenced by the geographical features of the two regions. In Sterea Ellada interventions are aimed at the reduction of disparities between mountainous areas and the most developed ones, which benefit from the proximity to the Attica region, with a further focus on the development of urban centers. South Aegean region suffers from serious structural problems, caused mainly by its peripheral position, its insular and mountainous nature, and the serious disparities in the development of the different islands.

In the current programming period, great emphasis is put on the development of rural and geographically disadvantaged areas. This objective is pursued by specific measures on basic infrastructure, to improve the linkage to the continent and major cities (mainly Athens). A relevant effort is undertaken for the exploitation of the natural and cultural heritage, with the view to strengthen the tourism sector. Remaining resources are mainly allocated in business support measures, primarily aimed at SMEs and investments in innovation.

Table 4

Sterea Ellada and South Aegean: Regional Operational Programmes 2000-2006
priorities

Sterea Ellada	South Aegean
1. Reduction of intense phenomena of dualism with emphasis in the mountainous - rural regions (27.75%)	1. Confrontation of problems connected to the island character - Basic infrastructures (30%)
2. Environmental Protection. Promotion of cultural - historical assets and tourism (19.4%)	2. Environmental protection and sustainable management of natural resources (17.1%)
3. Basic and social infrastructure. Promotion of the developmental role of urban centres (34%)	3. Control and reorientation of tourist growth (15.7%)
4. 4. Aid - modernisation of enterprises and connection with the local economy (10.9%)	4. Aid and exploitation of dynamic island centres of growth (13.6%)
5. Human Resources (6.9%)	5. Growth of countryside and aid of islands and areas with weak economic growth (22%)
6. Technical Aid (1%)	6. Technical aid (1.6%)

Sources: Regional Operational Programmes 2000-2006 of Sterea Ellada and South Aegean

At national level, Sterea Ellada and South Aegean regions also benefit from the 11 sectoral programmes interventions of the third CSF, regarding competitiveness, transport infrastructures and services, information society, culture, education, employment, rural development, fisheries, health and environment.

4. Main findings

In this section the main findings that arise from the statistical analysis and the evaluation of results of the regional policy implementation, as well as the field analysis according to study visits and interviews with regional and national stakeholders³ are presented. These findings will help us in the formulation of the main policy priorities and guidelines for the next programming period.

³The interviews with the most important national and regional stakeholders were conducted by the Regional Development Institute of the Panteion University of Athens during the period April – June 2005.

4.1. Findings from the statistical analysis

In general, the main characteristic of Sterea Ellada region is the dualism between the industrial area in the south-eastern part which is directly connected to the neighboring city of Athens, and the isolated mountainous areas in the north-western part; in the region of South Aegean the insularity forms the main problem that must be taken into account. This basic problem has many natural, economic, social, environmental and political aspects.

The main conclusion that arises from the above, brief statistical analysis is the partial incompatibility between the economic performance of Sterea Ellada and South Aegean regions and the indexes of thematic indicators of innovation, knowledge economy and information technologies access. More specifically, when one compares the economic performance with these indicators, it occurs that the status of the regional competitiveness does not seem dependent on the level of innovation potential and the endowment of information technologies.

However, this means that once the “catching-up” process will come to an end, there may be a risk of a deterioration of the competitiveness status of these regions. In this respect, initiatives focused in promoting the endogenous creation or adaptation of knowledge and innovation should accompany the growth process (Welz 2001, CSIL et al 2005).

The extremely low level of innovation capacity and diffusion of information technologies may be an obstacle to the modernisation and the differentiation and finally to the competitiveness of the economic activities in both regions. In addition, especially for the tourism specialization of South Aegean, triggering the diffusion of innovation and information technologies may help to increase the degree of attractiveness of this area, especially regarding the attraction of the so-called “creative class” (Florida 2002). With regard to innovation potential, it may be important to sustain the accumulation of human capital (higher education), which is still very low especially in Sterea Ellada and may be a prerequisite for the future development of the area.

However, the foundation of the new University of Sterea Ellada Region and the expansion of the Aegean University through the establishment of new departments and research institutes alongside with the development of other research bodies will help to improve the bad situation of the innovation and knowledge economy in these areas. Research institutions and universities should be more effectively connected with enterprises and the research conducted should be oriented towards the needs of the local market and the society. Research partnerships between enterprises as well as between enterprises and research institutions should be promoted and funded with special emphasis to international collaborations. The percentage of the GNP devoted to research and technological development should increase, aiming to reach the EU average within a decade. Research

efforts by Greek enterprises should be funded and the Greek research system should open up to the rest of the world through the promotion of partnerships, the exchange of scientists, the attraction of leading scientists etc. Finally, the cost of patent certificates should be funded; otherwise the overall ranking will not change in the future.

4.2. Implementation of Greek Regional Policy: Lessons learnt

According to the evaluation of the regional programmes implementation as well as the results from interviews with the stakeholders and all the relevant documents, reports, etc., there are some main conclusions-proposals that should be taken into consideration.

- The large number of the final beneficiaries that creates major delays. It is necessary to reduce this number so that the programmes can move on faster.
- The skill level of the Managing Bodies of the regions. The staff of the Managing Bodies has to be trained in order to be able to manage the special needs of the new competitiveness objective.
- The need to increase the role of authorities at regional level.
- Maximising the use of the banking system. The banks must be able to administrate more effectively the complex and demanding issues of the Structural Funds, concerning the private sector.
- The establishment of a project management system for medium and small projects. This can be achieved by the appointment of a management consultant for grouped projects that have common features.
- The public control procedures must be simplified.
- The publicity and transparency of the projects is an issue of major importance and therefore more attention has to be given.
- The better use of the regional universities concerning the R&D development.
- The increasing and more effective support to actions and programmes with an innovative character.
- The improvement of the Information Society programmes. It was generally agreed that its structure and operation has not been effective enough.
- The maintenance of a more important role of the private sector related with the implementation of the new competitiveness objective.

Finally, a general remark, which is however of main importance in the case of Greece, is that the issues concerning geographically disadvantaged areas (e.g. islands, mountainous areas) were only partially covered within the EU Structural Objectives and this is not expected to change in the next programming period. These areas constitute an important part of the country (in terms of territory and population) and differentiate Greek space from the rest of EU territory (Athens Academy, 2004). The main restraining factors in the development of the

islands result from the nature of their insular territory. Therefore there should be a special context on how to deal with “insularity” and with issues such as the development of disadvantaged insular areas, cross-border cooperation, developments in the field of tourism etc.

5. Future policy priorities

In this section the main policy priorities for the two regions are included taking into consideration the Lisbon and Gothenburg objectives and according to the general priorities that European Commission was set up. Also, the initial drafts of the regions’ proposals for the preparation of the Regional Strategic Development Plans (2005) have been taken into consideration.

5.1. Sterea Ellada Region

According to the above analysis and the technical report of the CSIL team (2005), the strengths of Sterea Ellada region include the highly developed secondary sector, the rich mineral resources, the natural and cultural resources, the agricultural production, the national development axis that crosses the region, the proximity to the Athens market and the creation and further development of the University of the Region.

On the other hand, weaknesses include the absence of innovation and research and technology infrastructure, the lack in specialized human resources, the low quality and the poor promotion of the tourist product, the isolation of mountainous and insular areas, the lack of infrastructure for specialization in high technology sectors and the lack of human resources and infrastructure for the development and participation in initiatives.

Opportunities include the exploitation of investments in innovation, the use of modern, integrated transportation systems, the increased demand for alternative forms of tourism, the connection of the agricultural, secondary and tertiary sectors in agricultural products of added value (biological products, local products etc), the attraction of residents from the capital due to better quality of life, the networking of the secondary sector with industrially advanced European regions and the development of cultural tourism.

Finally, threats include development due to external factors, increased intra-regional inequalities, reduced competitiveness of the secondary sector due to competition from new EU members and SE Asian countries, reduced funding due to the potential inclusion of the Region in the Competitiveness Objective, long-term localised unemployment, gradual reduction of the active population, weak political power and lack of knowledge integration mechanisms that could speed up the development of the region.

As we already mentioned, according to the Lisbon and Gothenburg objectives, EU regions have to define strategies in the new programming period placing emphasis on issues

of competitiveness, innovation, employment and environmental protection. According to the proposal of the region (2005), these objectives are consistent with the development objectives of the region of Sterea Ellada. Towards this direction, the development vision for the region is the creation of a modern economy, through the reinforcement of the competitiveness, the convergence of disadvantaged mountainous and insular areas in terms of prosperity and quality of life, the qualitative upgrade of the environmental and cultural capital and finally the development of cooperation in regional, national and European level. Within this framework, internal priorities by proposed development Axis are the following ones:

A. Competitiveness – Innovation

It is necessary to develop a strategic partnership between private and public development actors in the region of Sterea Ellada, targeted on basic issues of development choices such as the specialization of land-planning in industrial zones, the encouragement of innovation in enterprises, the enhancement of investment-attracting structures, the enhancement of knowledge transportation and absorption and the support of the competitiveness of the primary sector and the promotion of its connection to the tertiary sector.

B. Accessibility for balanced development

Apart from the completion of transportation infrastructures of national importance, it is necessary to develop the transportation network of the region in order to balance the inequalities in economic activities and to diffuse the development opportunities to the mainland. It is also necessary to promote the connection of the region with the regions of Western Greece, Epirus and Thessaly, as well as to increase the accessibility of northern and southern Europe.

C. Knowledge Society, innate entrepreneurship and employment

In synergy with the first priority, the region should seek to create the human resources that will constitute a competitive advantage for the region. It is necessary to link vocational training programmes with the needs of the productive sectors, to support and adapt the educational system and research activities to the digital age, to cultivate entrepreneurial culture and to continue policies aimed at special social groups and categories of the labour force.

D. Environment and sustainability

The strategy for environmental protection and sustainable development is ensured by two components: firstly, the inclusion of environmental awareness in all interventions in favour of competitiveness and accessibility and secondly, the promotion of specific projects for the

prevention and reduction of pollution, the protection of environmental resources, the upgrading of waste management infrastructure and the upgrading of urban space for the enhancement of the quality of life.

E. “Open” Region

Taking advantage of the developed secondary sector, the region of Sterea Ellada can obtain great benefits through the development of cooperation programmes with other European regions that share the same interests in the fields of: research and technology, especially in the sectors of manufacturing and transportations environmental protection and environmental risk prevention vocational retaining and employment in dynamic sectors of the new economy.

F. Public Administration

Interventions in this field focus mainly on horizontal policies aiming at the upgrading of human resources in public administration, the upgrading of the role played by the public administration in the planning and management of development projects, the enhancement and simplification of procedures between the government and citizens and the overcoming of obstacles (bureaucracy, tardy procedures) that have a negative effect on competitiveness.

Special developmental Issues – intra-regional priorities

Within the framework of regional development priorities we should point out some intra-regional inequalities and effects. As has already been mentioned above, intra-regional inequalities are a major problem for the region of Sterea Ellada, on one hand because of the geographical variety of the region (mountainous – insular areas against lowland areas) and on the other hand because of the “gravity” exercised by the Athens pole mainly on the prefecture of Voiotia.

Facing the problem of duality has been a priority of the ROPs during the previous programming periods. However, due to the limited funds of the ROPs and the national priorities in several sectors, most of the funds were directed to the “developed” part of the region. The issue is to examine the substantial differences between the development level of Voiotia and the less developed areas of the region.

The promotion of policies that support the competitiveness of the secondary sector will benefit the already existing industrial areas. Actions oriented towards creating a homogeneous Region should be planned in order to minimize the effects of intra-regional inequalities. In addition, actions that promote the competitiveness of the product of disadvantaged areas should be undertaken, involving tourism, the promotion of quality products, the production of energy and the sustainable utilization of the natural and cultural resources. The same effect is expected from actions related to vocational training and education.

In order to reduce the inequalities within the Region, plans for integrated intervention in development clusters of the disadvantaged areas should be detailed during the planning period (until 2007). At the same time, priorities related to environmental protection and the formulation of interventions aiming to promote sustainable development and the sensible management of natural resources will result not only to the protection of the environment but also to the development of these disadvantaged areas by creating jobs, generating income and upgrading the quality of life. In relation to accessibility infrastructure, the region should take advantage of the axes of national and European importance (Athens-Thessaloniki autoroute and railway network) in order to diffuse the development opportunities that they offer to the “mainland” and the insular areas of Sterea Ellada.

Implementation issues

The implementation of the above mentioned strategy should be accompanied by some institutional and organizational adaptations. These adaptations aim to minimize the weaknesses that occur today in the management, monitoring and implementation of the Operational Programmes, as well as to anticipate new problems that may arise with the changes in regulations and procedures.

During the period 2007-2013 important changes are expected in the way that the Support Frameworks operate and are managed. These changes include the national monitoring system that is expected to replace the EU monitoring bodies, the simplification and decentralization of procedures and the increased competition between programmes for funding. These prospects render it necessary to review the planning – implementation – management – monitoring procedures. The proposals are related with the faster planning procedures, less bureaucracy and the coordination of Sectoral and Regional Operational Programmes (Konsolas 2006).

Besides that, regarding the low performance of Sterea Ellada in inter-regional cooperation, it is essential to create networks with other regions, mainly Greek ones. Through these networks it is expected that potential “complementary” sources of competitiveness will be created, in five levels: production procedures, economic procedures, opportunities for the adoption and adaptation of innovation, management and administration.

Finally, an important issue that should be resolved is the multitude of actors that support development activities. Several bodies have been established within the framework of the Regional Operational Programmes, the Sectoral Operational Programmes and the EU Initiatives in order to support entrepreneurial, agricultural and other development activities. It is necessary to evaluate these mechanisms’ efficiency on a regional level and to indicate the actors that will efficiently promote the planning, implementation and management of the region’s development interventions.

5.2. South Aegean Region

According to the analysis as well as the technical report of the CSIL team (2005), the strengths of South Aegean region include: the constant increase of the population, low unemployment, rich natural and cultural resources, rich tourist attractions (natural environment, culture), existing infrastructure (harbours and airports), the geographical position of the Region in the Mediterranean and the available scientific and entrepreneurial human resources.

Weaknesses include the intense differences in development between the islands, the serious shortage in water resources and energy, the high cost of transportation, the low degree of familiarity with high technology, the geographical discontinuity (insularity) and the seasonality of employment in the field of tourism (Planistat Europe and Bradley Dunbar Ass 2003).

Opportunities include the attraction of investments in specialized forms of tourism, the utilization of new communication technologies, the exploitation of the increasing demand for products of Controlled Denomination of Origin, the deregulation of sea transportations, the use of new methods and technologies for water resources management, the re-orientation of the targets of the Structural Funds, the opportunities for alternative forms of development and the utilization of EU funds for research and technology.

Finally, threats include the development of competitive areas in the Mediterranean that produce lower-cost products and services, the unfavourable political developments in the broader area, the abandonment of islands or villages by people of productive age, climate changes and the political instability in the Near and Middle East. Also in threats the further dependence from the tourism is included. The future continuation of this situation will make the local productive system more sensitive to the demand changes and to the economic circle with negative consequences for the viability of the islands productive system.

The development vision for the region will be to enhance the competitiveness of the region, focusing on two sectors: tourism and the utilization of natural and cultural resources. In addition, a third dynamic and “original” sector that can be targeted is the establishment of a network of investments in research and the production of high technology products and services. Thus, for the coming years, the South Aegean region will focus on increasing its competitiveness in the fields of tourism, culture, research and technology, on dealing with accessibility problems and on the enhancement of the quality of life. Towards this direction, the main priorities and the interventions included in each of them are as follows:

A. Competitiveness

The following points are necessary for the region: control and diffusion of tourist activity in time and space, promotion of mild and alternative forms of environmental friendly tourism, promotion and protection of the cultural heritage, support of the local agricultural and stockbreeding production of quality products, support and creation of SMEs and Tourism in low economic development areas and islands.

B. Improvement of accessibility

Within this objective are included: promotion of coastal navigation to cover the needs of the population, completion of transportation infrastructure, enhancement of the efficiency of towns and decentralization of services.

C. Development of human resources

The region should be focused in: education (equipment, PCs), vocational training, specialization, mobility of the workforce, attraction of productive-age population.

D. Sustainability

Environmental protection, infrastructure and waste management, water resources management, land planning and land use control must be the main directions of this objective.

E. Public Administration

The region should promote the reinforcement of responsibilities / staffing of local government, the establishment of local service units and the mobility of employees (institutional arrangements, funds).

F. Knowledge Society and Innovation

It is necessary for the region the following: establishment of a network of investments in research and the production of high technology products and services, find establishments with the necessary infrastructure (networks, communications, energy), promote and motivate to attract investments and human resources, mobilise and support scientific research and technological institutions.

G. Accessibility - inter-regional, cross-border and international cooperation

Within this objective the following are included: expand European networks / axes, seek out and take advantage of common development opportunities in the broader area of the Mediterranean, improvement of the transportation systems as well as the transportation and telecommunications technologies.

Inter-regional, cross-border and international cooperation should be sought after in any kind, scale and direction, according to the nature of the participants. The central government should provide support through the publication of such opportunities. The establishment of a network of investments in research and the production of high technology products and services should be promoted.

The realization of this long-term visionary target of the Region presupposes specifications and studies for appropriate spaces to establish investments (technological parks), necessary infrastructure (energy, communication and transportation networks) and the attraction of the necessary human resources.

Special developmental Issues – intra-regional priorities

Because of the special character of the South Aegean region, the following intra-regional differentiations and effects of the regional priorities for development need to be addressed. In order to enhance competitiveness in South Aegean it is necessary to differentiate the measures according to areas and sectors. In the tourism sector, the region needs to enhance its role as a quality destination of international scale and re-brand and promote its tourist profile. In the already developed areas and islands the measures should focus on the quality upgrading of tourist services and products, giving priority to the development of marine and conference tourism in high-end resorts. In the smaller islands, the measures should focus on the establishment of small scale infrastructure for the development of mild and alternative forms of tourism (environmental, marine, cultural etc) as well as family holidays.

In the sector of agriculture and stockbreeding, as well as in the sector of product manufacturing, the degree and the kind of the interventions should be differentiated according to the special natural resources of each island (land, water, flora and fauna, traditional industries). In these sectors, priority is given to innovative applications that aim at improving quality, rather than quantity.

In the sector of services, the quality of the provided as well as the extension in new services must be promoted in health, education and training, transport and energy systems etc, in order the quality of life of the people to be improved. In addition to that, the production services as well as the services for the enterprises (like the financing and advisory services for them) must be strengthened.

In the other sectors, in combination with the above mentioned, the exploitation of other productive branches (like the biological cultures, the fishery, the shipping, the SMEs, the craft activities, the production and promotion of local products, the local cultural activities etc.) must be promoted for the integration of local economies.

In order to improve the accessibility, it should be noted that the existing differentiation in coverage by ship itineraries, especially in smaller islands (the problem gets worse during the

winter months) has negative effects on production procedures and on human resources. Therefore, the priority in enhancing accessibility should involve the islands / areas with lower development and is expected to reduce intra-regional inequalities, to improve the quality of life, to improve social services and workforce mobility and to enhance the efficiency of projects and interventions.

Regarding the aim of human resources and employment, this should be focused on creating and attracting human resources to cover the needs, especially in more developed islands and to develop the skills of the workforce in order to improve services in tourism, SMEs and in the primary sector. Special emphasis should be placed on enhancing awareness about such measures in order to increase participation.

The measures taken for sustainability should address the sensible management of natural resources on one hand and the programming and monitoring of the type of “development” promoted on the other. The effects of the sensible management of natural resources will reduce the environmental distress caused by tourist activities and it will help diffuse tourist flow towards smaller islands through the development of mild forms of tourism.

The main priority in order to improve the public administration is to cover vacant positions in public services and to plan a better and more effective allocation of current scientific and technical staff, improving their mobility within the islands of the region.

An important tool for the improvement of public administration, especially on planning level, is a series of studies including: land use studies for the developed islands, land planning studies, environmental planning and monitoring studies on smaller islands and human resources studies.

In order to support islands & areas of low economic development the commitment of funds for particular interventions in these areas in each sector (services, infrastructure, support for enterprises) should be adopted. The terms for the absorption of these funds should be more flexible compared to funds directed to the rest of the Region. In addition, these areas should be supported in the promotion of their claims and requests by the provision of know-how and of competent scientists by the regional and prefecture services as well as by the private sector (Konsolas 2006).

Implementation issues

The most of the institutional and organizational adaptations that are mentioned above should be adopted here as well. However it should be stressed the need for the micro-regional planning, through the delimitation of programming micro-regions. Through the micro-regional planning the special spatial problems of the islands could be faced more effectively. These micro-regions of programming will be geographical entities (that comprise neighbouring spatial units) with common characteristics and problems. For example coastal

areas, islander mountainous areas, small islands or small islands complexes, influence zones of the urban centers etc, can constitute such microregions. Their function requires an administrative or at least a programming jurisdiction that is necessary for planning, implementing, monitoring, evaluating and adjusting regional policy and development programmes at the local level.

6. General Conclusions

With the recent and forthcoming accession of the less wealthy countries of Eastern Europe, there will be many new challenges for the new programming period of the EU regional policy in danger of a two-tier divergence. As we mentioned above, the big challenge is that the traditional strategy of raising the budget with side-payments mainly coming from the richest member states has already been abandoned. On the contrary, as almost all the newly assessed EU members are relatively poor thus candidates for structural subsidies, handling the enlargement with the same budget mechanism that existed until now can't be effective. Reforming the existing regional policy becomes a necessity, as it becomes clear that a system that lies explicitly on a redistributive fiscal policy is not enough for the redemption of disparities (Polverari and Bachtler 2005).

In the case of Greece the year 2007 is expected to be a milestone for the country's regional policy because the two regions Sterea Ellada and South Aegean are excluded from the Objective 1 "Convergence" programmes and have been included in the phasing - in group of regions which are falling under the "Competitiveness and Employment" objective. However, as we saw from the analysis, the economic performance of Sterea Ellada and South Aegean regarding the indexes of thematic indicators of innovation, knowledge economy and information technologies access, shows clearly how the status of the regional competitiveness does not seem dependent on the level of innovation potential and the endowment of information technologies. This means that there may be a risk of a deterioration of the competitiveness status of these regions when the "catching-up" process will finish. Thus, the preparation calls for the adjustment to the new circumstances and the exploration of the most efficient way to continue and empower the developmental process.

The adjustment of the Greek regions and especially of the ones that fall under the new competitiveness objective to the new context of the European Structural Policy is expected to be hard. The new context clearly focuses on strategies rather than a project driven model that emphasises on hard infrastructures as the one that the greek state mechanism is used to. Therefore the adjustment has to be multilayered, meaning that it will have to run through all the layers that refer to planning, management and implementation of programmes and actions in all the spatial levels: national, regional and local.

Additionally, an important issue for greek regions and especially the two regions that we examined is that the geographically disadvantaged areas were only partially covered within the EU Structural Objectives and this is not going to change in the next programming period (Planistat Europe and Bradley Dunbar Ass 2003). So, there should be a special concern of how to deal with “insularity” and with issues such as the development of disadvantaged insular, mountainous and isolated areas etc.

Finally, the most important conclusion that can be drawn is that the close relation of dependency of the greek regional policy towards the European Regional Policy has reached its peak within the current programming period. Since the future of European Regional Policy after 2013 is not clear, it is necessary to reform the national Regional Policy from a rather dependent towards a more autonomous policy with new means, financial sources and legal instruments on a national, regional and local level in order to ensure its effectiveness (Papadaskalopoulos and Christofakis, 2005). The new conditions of globalisation, the close partnership of the private and public sector with new schemes and the new spatial government patterns that are based on urban management, are factors that have already set the ground for these changes.

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